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Counselors at Law

Hartford • New Haven • Stamford

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Jennifer L. Groves
(203) 786-8316
(203) 786-8306 Fax
jgroves@uks.com



March 31, 2004

Ms. Christine Vogel
Commissioner
Office of Health Care Access
410 Capitol Avenue
Post Office Box 340308
Hartford, CT 06134-0308

RECEIVED
2004 APR - 1 AM 11:42
CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

Re: *Advanced Radiology Consultants, LLC*

Dear Commissioner Vogel:

This office represents Advanced Radiology Consultants, LLC. Enclosed please find an original and three copies of a Letter of Intent for the acquisition by Advanced Radiology of a high-field open MRI for its Stamford office.

Should you require anything further for your review, please feel free to contact me or Attorney John Wolter. I can be reached at (203) 786-8316. Attorney Wolter can be reached at (860) 548-2645.

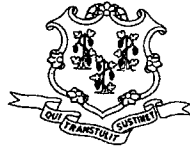
Very truly yours,

A handwritten signature in black ink, appearing to read 'JL Groves', written over a horizontal line.

Jennifer L. Groves

Enclosures

cc: Alan D. Kaye, M.D.
Mr. Henry Soch
John F. Wolter, Esq.



State of Connecticut Office of Health Care Access Letter of Intent/Waiver Form Form 2030

All Applicants must complete a Letter of Intent (LOI) form prior to submitting a Certificate of Need application, pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes and Section 19a-643-79 of OHCA's Regulations. Please submit this form to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS# 13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. APPLICANT INFORMATION

If there are more than two Applicants, please attach a separate sheet of paper and provide additional information in the format below.

	Applicant One	Applicant Two
Full legal name	Advanced Radiology Consultants, LLC	
Doing Business As	N/A	
Name of Parent Corporation	Advanced Radiology Consultants, LLC	
Mailing Address, if Post Office Box, include a street mailing address for Certified Mail	56 Quarry Road Trumbull, CT 06611	
Applicant type (e.g., profit/non-profit)	Profit	
Contact person, including title or position	John F. Wolter, Esq. Jennifer L. Groves, Esq. Legal Counsel for Applicant	

	Alan D. Kaye, M.D. President	
Contact person's street mailing address	Updike, Kelly & Spellacy, P.C. One Century Tower 265 Church Street New Haven, CT 06510 56 Quarry Road Trumbull, CT 06611	
Contact person's phone #, fax # and e-mail address	(203) 786-8300 (203) 772-2037 (fax) jwolter@uks.com jgroves@uks.com (203) 384-3559 (203) 384-4363 (fax) alan.kaye@ adrad.com	

SECTION II. GENERAL APPLICATION INFORMATION

a. Proposal/Project Title:

Acquisition of High-Field Open MRI Scanner

b. Type of Proposal, please check all that apply:

☐ Change in Facility (F), Service (S) or Function (Fnc) pursuant to Section 19a-638, C.G.S.:

☐ New (F, S, Fnc)

☐ Replacement

☐ Additional (F, S, Fnc)

☐ Expansion (F, S, Fnc)
Termination

☐ Relocation

☐ Service

☐ Bed Addition`

☐ Bed Reduction

☐ Change in
Ownership/Control

- ☒ Capital Expenditure/Cost, pursuant to Section 19a-639, C.G.S.:
- ☐ Project expenditure/cost greater than \$ 1,000,000
- ☒ Equipment Acquisition greater than \$ 400,000
- ☒ New ☒ Replacement ☐ Major Medical
- ☒ Imaging ☐ Linear Accelerator
- ☐ Change in ownership or control, pursuant to Section 19a-639 C.G.S., resulting in a capital expenditure over \$1,000,000

c. Location of proposal (Town including street address): 1351 Washington Boulevard, Stamford, Connecticut

d. List all the municipalities this project is intended to serve: Stamford, Darien, New Canaan, and Greenwich, Connecticut; White Plains, Port Chester, Harrison, and Rye, New York

e. Estimated starting date for the project: November 1, 2004

f. Type of project: 19

Number of Beds (to be completed if changes are proposed)

Type	Existing Staffed	Existing Licensed	Proposed Increase (Decrease)	Proposed Total Licensed
N/A	N/A	N/A	N/A	N/A

SECTION III. ESTIMATED CAPITAL EXPENDITURE INFORMATION

a. Estimated Total Capital Expenditure: \$2,096,000.00

b. Please provide the following breakdown as appropriate:

Construction/Renovations	\$400,000.00
Medical Equipment (Purchase)	
Imaging Equipment (Purchase)	\$1,600,000.00
Non-Medical Equipment (Purchase)	
Sales Tax	\$96,000.00
Delivery & Installation	
Total Capital Expenditure	\$2,096,000.00
Fair Market Value of Leased Equipment	
Total Capital Cost	\$2,096,000.00

Major Medical and/or Imaging equipment acquisition:

Equipment Type	Name	Model	Number of Units	Cost per unit
High-Field Open MRI Scanning Unit	Fonar		1	\$1,600,000

Note: Provide a copy of the contract with the vendor for major medical/imaging equipment. See Exhibit A attached hereto.

c. Type of financing or funding source (more than one can be checked):

- ☒ Applicant's Equity Loan ☐ Lease Financing ☒ Conventional
- ☐ Charitable Contributions Funding ☐ CHEFA Financing ☐ Grant
- ☐ Funded Depreciation ☐ Other (specify): _____

Section IV: Project Description

Advanced Radiology Consultants, LLC ("Advanced Radiology"), is a major provider of imaging services in Fairfield County, with offices in the towns of Stamford, Fairfield, Bridgeport, Stratford, Trumbull, and Orange. The practice's radiologists, under the name of Advanced Radiology and its predecessor organizations, have provided imaging services provider to the Southern Connecticut area for 99 years, including serving as the exclusive provider of radiology services to Bridgeport Hospital. Advanced Radiology and its affiliates are the largest providers of MRI services in the State. The practice's current scanners include high-field scanners and mid and low-field open units.

With the expansion in the use of MRI imaging as a diagnostic tool over the last several years, continued growth in this modality over the next five years is projected by nationally recognized organizations. Volumes at Advanced Radiology's current locations have increased annually, similar to national statistics.

Advanced Radiology proposes to replace the existing low-field open MRI unit at its Stamford office with a high-field open unit, and relocate the existing unit to one of the practice's other locations. Advanced Radiology's current plans are to install a stand-up version by Fonar, a new type of open scanner that allows examination in the sitting, standing or recumbent positions. In addition to upgrading the services for Advanced Radiology's claustrophobic and large patients for general MRI imaging, this scanner has certain potential advantages over other scanners in that it may show pathology related to patient position or weight-bearing, a heretofore unavailable benefit. Thus, patients who have positional symptoms might now be imaged more appropriately. In addition, the scanner can function as a more conventional high-field recumbent scanner, thus providing high quality scanning capabilities to all claustrophobic and obese patients.

The population served by the proposed new scanner will be similar to that which Advanced Radiology currently serve at its Stamford office – namely, patients from Stamford, Darien, New Canaan, and Greenwich, Connecticut, as well as White Plains, Port Chester, Harrison, and Rye New York. Advanced Radiology also anticipates that the availability of this unique scanner will attract patients who are currently going to New York City and Long Island for the aforementioned examinations.

There are many MRI providers in Fairfield County, of which Advanced Radiology is the most experienced with both closed and open scanners. There are, however, no high-field open MRI scanners in Fairfield County. Certificates of Need have been approved for two stand-up MRI units in New Haven County, and another application in Fairfield is pending. The findings of fact and rationale that supported the approval of the two approved New Haven County units apply equally to Advanced Radiology and Fairfield County. Given the delays in installing those two units, Advanced Radiology may even be the first to be operational in Connecticut if its application is approved. As with the New Haven County applications, this project will fill the voids of positional MRI imaging and high-field open scanning in Fairfield County.

This project will strengthen the health delivery system in Connecticut in that it will upgrade Advanced Radiology's current, well-utilized scanner and add new, potentially valuable capabilities. The examinations will be supervised and interpreted by sub-

specialist radiologists with unmatched MRI experience (the same physicians that currently read MRI scans for Advanced Radiology's Stamford office).

Advanced Radiology has a tradition of inclusion of patients of all economic background. Its office is central in Stamford, conveniently located along routes of public transportation and with easy access to major highways. Advanced Radiology anticipates that its payer mix for the proposed new unit will be similar to the mix for its existing unit. Payers will include private pay, Medicare, Medicare managed care, traditional indemnity insurance, health maintenance organizations, and Medicaid.

If requesting a Waiver of a Certificate of Need, please complete Section V.

SECTION V. WAIVER OF CON FOR REPLACEMENT EQUIPMENT

I may be eligible for a waiver from the Certificate of Need process because of the following: (Please check all that apply)

- ☐ This request is for Replacement Equipment.
 - ☐ The original equipment was authorized by the Commission/OHCA in Docket Number: _____.
 - ☐ The cost of the equipment is not to exceed \$2,000,000.
 - ☐ The cost of the replacement equipment does not exceed the original cost increased by 10% per year.

Please complete the attached affidavit for Section V only.

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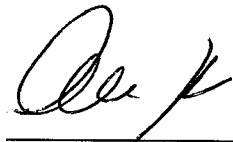
CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

Applicant: Advanced Radiology Consultants, LLC

Project Title: Stamford High Field Open MRI Scanner

I, Alan Kaye, M.D.
(Name)President
(Position – CEO or CFO)

of Advanced Radiology Consultants, LLC, being duly sworn, depose and state that the information provided in this CON Letter of Intent/Waiver Form (2030) is true and accurate to the best of my knowledge, and that Advanced Radiology Consultants, LLC complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

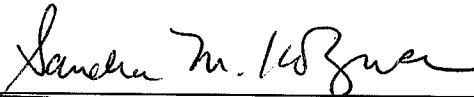


Signature

3/26/04

Date

Subscribed and sworn to before me on 3/26/04



Notary Public/Commissioner of Superior Court

My commission expires: 4/30/2008

SANDRA M. KOZMA
NOTARY PUBLIC
MY COMMISSION EXPIRES APR. 30, 2008



FONAR CORPORATION
110 MARCUS DRIVE
MELVILLE, NEW YORK 11747-4292
(516) 694-2929
(516) 249-3734 Fax

DATE December 9, 2003
QUOTATION NO. 120903-00-05
REPRESENTATIVE J. Kleidman

Inquiries regarding this quotation should refer to quotation number, indicated product line and be directed to the representative indicated above.

FONAR Corporation is pleased to submit the following 8 page quotation for the products and services described herein at the stated prices and terms, subject to your acceptance of the terms and conditions included in this quotation.

Advanced Radiology Consultants
Attention: Henry Soch
Director of Business Development & Marketing
56 Quarry Road
Trumbull, CT 06611

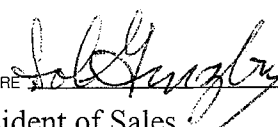
EXHIBIT A

Quotation

ITEM NO	QUANTITY	DESCRIPTION	PRICE
		Indomitable™: The Stand-Up™ MRI	
		<p>The Stand-Up™ MRI is a whole-body Open MRI system operating at a field strength of 0.6 Tesla, with a broad range of clinical capabilities and a complete set of imaging protocols. The system is a diagnostically versatile and cost-effective Open MRI that enables Position Imaging™ (pMRI™) applications featuring weight-bearing MRI studies.</p> <p>The Stand-Up™ MRI system is the first Mega Open™ MRI. The patient can look directly out of the magnet at the scanner room wall with an unobstructed view while standing inside the magnet. With this unique MRI system, the patient can actually walk up to the magnet, stand up during the scan and then walk away.</p> <p>This multi-positional MRI system provides an unrestricted range of motion for flexion and extension studies. Previously difficult patient scanning positions can be achieved using the unique MRI-compatible motorized patient handling system. The system can scan spines and joints in the weight-bearing state, and the brain with the patient upright. Patients can also be scanned in the conventional recumbent position.</p> <p>The system is equipped with high-performance Whisper Gradients™ capable of high resolution and fast scanning, a set of high signal-to-noise solenoidal RF receiver coils and a high-speed computer-processing platform with extensive software features promoting productivity.</p>	

FONAR CORPORATION

CUSTOMER'S ACCEPTANCE

AUTHORIZED SIGNATURE  DATE December 9, 2003
Vice President of Sales
TITLE _____ THIS QUOTATION VALID FOR 30 Days

BUYER _____
AUTHORIZED SIGNATURE _____
TITLE _____ DATE _____

The Stand-Up™ MRI system includes:

- A. Magnet**
- B. Patient Positioning System**
- C. Gradient System**
- D. Computer Architecture**
- E. User-Interface and MRI Software**
- F. Radiofrequency System**
- G. Imaging Techniques**
- H. Advanced Coil & Quadrature Coil Package**

A. MAGNET

Field Strength:	0.6 Tesla
Type:	Iron-frame electromagnet
Cryogens:	Not required
Configuration:	Front-open and top-open design
Key Benefits:	Patient can look out at the scanner room walls with an unobstructed view while standing in the magnet during scans. Unrestricted range of motion for flexion and extension studies.
Field Orientation:	Horizontal, transverse to the patient
Patient Gap:	18-inch (46 cm) pole-to-pole, horizontal gap

B. PATIENT POSITIONING SYSTEM

Positioning Capabilities: Advance the upright patient into the center of the magnet.
With the patient vertical, translation of the table provides an *elevator function*, placing the anatomy of interest at magnet isocenter.
Rotate the patient from upright to recumbent.
Long pad/cushion for patient comfort during recumbent scans.
With the patient horizontal, translation of the table advances the recumbent patient into the magnet in the conventional manner.
Intermediate angles allow for Trendelenburg positioning.
True image orientation is assured regardless of the rotation angle via computer read back of current bed position.

Table Travel Distance: The center of the table can travel 36 inches (91 cm) above the magnet isocenter and 24 inches (61 cm) below.

Patient Stabilization:	Table slightly tilted at 5° to reduce patient motion during upright scanning. Magnet poles on the left and right of the patient reduce lateral motion. Patient restraint strap fixture easily locks to patient positioning system at fixed locations to accommodate varying patient heights.
Control:	Motorized and MRI-compatible A dedicated computer controls the bed movement. Pre-programmed modes of operation (vertical, horizontal and tilt) are initiated using a multi-function keypad.
pMRI™ Support Fixtures:	A movable, MRI-compatible transpolar stabilization bar (VersaRest™) used for enhancing patient comfort during multi-positional scans such as flexion, extension, rotation and lateral bending.
RF Coil Placement:	Removable seat assembly with footrest Support fixtures for RF receiver coils integrated into the bed. Enhanced-throughput Universal Mounting Fixture for securing RF receiver coils (head, knee and shoulder) to the bed is patient-height adjustable. Head cradle for recumbent and upright scanning. Wide-belt Receiver Coil Support Plate attaches securely to the bed for lumbar, thoracic and abdominal scans. Dedicated Phantom Fixture to hold the calibration phantom and receiver coil at isocenter with patient positioning system in the upright position.
Weight Limit:	500 lbs.
Speed:	Programmable
Alignment Method:	Laser positioning

C. GRADIENT SYSTEM

Low acoustic-noise Whisper Gradients™ creates a patient-friendly scan environment. High-performance gradient operation provides high resolution and fast scanning capabilities. The gradient controller ensures precise digital control, flexible waveform generation and advanced pulse sequence programming capabilities.

Gradient Strength (Max.):	12 mT/m
Slew Rate (Max.):	20 T/m/s
Minimum Slice Thickness:	2.0 mm (2DFT), 0.8 mm (3DFT)
Minimum Field-of-View:	6 cm
Type:	Self-shielded, biplanar
Cooling System:	Air-cooled electronics Air-cooled coils
Patient Comfort:	Extremely low-noise

D. COMPUTER ARCHITECTURE

Type: Dual Symmetric Multi-Processor
Operating System: Microsoft Windows NT
CPU Speed: Two (2) Pentium-class processors (1.4 GHz minimum)
Reconstruction Speed: 10 images per second (0.1 seconds per 256^2 image for 2DFT)
RAM: 1.0 GB
Online Storage: Three 18 GB hard disks configured in a redundant array with a storage capacity for 300,000 images (256^2)
Archive Media: Magneto-optical disk stores 35,000 images (256^2)
Remote Service: Modem linked to FONAR field service headquarters

E. USER-INTERFACE AND MRI SOFTWARE

The Stand-Up™ MRI dual-screen console includes both a scan control monitor and an image display workstation. The technologist-friendly MRI applications software platform can simultaneously run key processes, including scanning, reconstruction, MIP, image review and archive, filming, patient appointments and next scan set-up. The multi-window graphical user-interface utilizes pre-defined user protocols which quickly set-up and initiate scans. This speeds technologist training and ensures consistent clinical performance. The system is equipped with a complete set of protocols utilizing a broad range of advanced imaging techniques.

Console Configuration: Dual-screen, 1280 x 1024 high-resolution graphics monitors (20")
Controls: Keyboard and Mouse
Operation: Multiple windows multi-tasking environment
Anatomic Protocols: Pre-programmed and user-expandable
Productivity: Multi-tasking includes simultaneous scanning, reconstruction and MIP
Connectivity: Dicom 3.0 including Send and Store
Image Display Features: Variable screen format (1,2,4,6,12,20-up)
Real-time continuous zoom and pan
Variable-speed paging (cine loop) under mouse control
Image Display *Stack Mode* for side-by-side paging comparisons of slices from a multi-positional set of scans on a specific patient.
Film Manager controlling digital interface to laser camera
Independently windowed image frames
Image enhancement and noise reduction
Reverse contrast
Unique identifying labels for each frame
Pixel intensity, distance and angle measurements
Region-of-Interest (ROI) cursors with statistical analysis
Scout-scan Plan: Graphical set-up for number of slices, TR, slice thickness and interval, FOV, oblique angle and pre-saturation pulses

F. RADIOFREQUENCY SYSTEM

Optimal RF transmission is achieved using a digital frequency synthesizer and programmable RF pulse shaper. The flat RF transmitter is fully integrated into the patient gap. NMR signal reception is accomplished using one of the high signal-to-noise solenoidal RF receiver coils available for whole-body imaging. Signal processing utilizes state-of-the-art advanced front-end electronics designed for imaging flexibility.

Power Amplifier:	9 kW
Transmitter Type:	Quadrature
Transmitter Configuration:	Planar
Preamplifier:	Low-noise
Tuning:	Automatic
Amplifier Gain:	Computer-controlled
Demodulator reference:	Programmable for off-center FOV imaging
Audio filter:	Programmable for variable-bandwidth imaging

RF Receiver Coils

Type:	Advanced solenoidal designs
Standard Package:	High-performance Spine & Body Coil Set (45-inch, 55-inch & 65-inch circumferences) Flexible, wrap-around coils provide uniform posterior-to-anterior signal intensity and extended longitudinal coverage for spine and body imaging. User can choose the optimal patient-filling factor to increase the SNR.
	Cervical Coil This flexible wrap-around solenoid coil optimizes imaging for the cervical spine and is ideally suited for <i>pMRI</i> TM applications such as Flexion and Extension.
	Signal Plus TM Open Head Coil The patient can look directly out of this advanced multi-conductor design which provides the high SNR necessary for neuroimaging applications.
	Signal Plus TM Knee Circular multi-conductor receiver for knee imaging which can also be used for the thigh, calf and ankle.
	Shoulder Coil – Seated Unique double planar design allows for either left or right shoulder imaging. The coil incorporates an immobilization fixture that is integrated into the patient bed.
	Wrist Coil Rigid multi-conductor circular design optimized for high-resolution wrist (and small extremity) imaging.

G. IMAGING TECHNIQUES

Acquisition Methods:	2DFT & 3DFT
Pulse Sequences:	Spin Echo (single and double echo)
	Inversion Recovery
	STIR
	Gradient Echo
	RF Spoiling
	Gradient Spoiling
	Steady State Preserved
	Fat & Water In and Out-of-Phase
	Fast Spin Echo
	Variable Echo Train Length
	FLAIR for CSF suppression
	MR Angiography
	2D and 3D Time-of-Flight (TOF)
	Walking pre-saturation band(s) to suppress venous/arterial flow
	Targeted MIP (Maximum Intensity Projection)
Imaging Capabilities:	Multi-Angle Oblique TM (MAO) Imaging
	Swap Frequency and Phase
	(512) ² Acquisition Matrix
	Anti-Aliasing
	Reduced Bandwidth and Multi-Bandwidth Imaging
	Off-Center FOV Imaging
	Rectangular FOV
	Variable-Interval Scanning
	Spatially Selective Pre-saturation
	Flow Compensation
	Breath-hold Imaging
	Multiple Sub-Scan Technique (sequential acquisition)

Design specification only. All system specifications are rapidly advancing and subject to changes.

H. Advanced Coil & Quadrature Coil Package

Expanded Diameter Solenoid Cervical Coil	\$ 25,000
Quadrature Head Coil	35,000
Quadrature T-L (Thoracic-Lumbar) Coil	37,000
Quadrature Knee Coil	30,000
Planar T-L (Thoracic-Lumbar) Coil	<u>23,000</u>
TOTAL	\$150,000 (included in system price)

SYSTEM PRICE

\$1,500,000

TERMS OF SALE

*FOB FONAR Corporation's Plant, Melville, New York.

*Payment Terms: 20% down payment upon execution of FONAR accepted
Purchase Order by signing of FONAR quotation 1
20% 60 days after down payment.
30% payment upon delivery of system magnet
20% payment upon delivery of system electronics.
10% payment upon acceptance.

*FONAR must receive the final payment before commencing training.

*First year full warranty (parts and labor).

*Rigging, Shielding, Shipping and Insurance are the responsibility of customer.

*Camera is not included.

1 Purchase Orders must incorporate by reference and be placed in accordance with FONAR Corporation's Sales Agreement (Form 001).

FONAR Corporation

By: _____
Sol Ginzburg
Vice President of Sales

Date

Advanced Radiology Consultants

By: _____
Henry Soch
Director of Business Development & Marketing

Date